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FEDERAL COMMUNICATIONS COMMISSION
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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
	)	
Calling Party Pays Service Option	)	**WT Docket No. 97-207**
in the Commercial Mobile Radio Services	)	
	)	

To: The Commission

COMMENTS OF THE RURAL TELECOMMUNICATIONS GROUP

The Rural Telecommunications Group ("RTG"), by its attorneys, hereby respectfully submits these comments in response to the *Notice of Inquiry* ("*NOI*"), WT Docket No. 97-207, released October 23, 1997 in the above-captioned proceeding. These comments represent a consensus of opinion among the members of RTG who responded to a questionnaire compiled from the items of inquiry presented in the *NOI*. Minority opinions on various issues are also presented so that the Commission can gather a comprehensive record on the feasibility of pursuing implementation of a Calling Party Pays ("CPP") service option.

I. STATEMENT OF INTEREST

RTG is an organized group of rural telephone companies whose purpose it is to advocate on behalf of providers and prospective providers of rural wireless telecommunications service. Many of RTG's members provide wireless communications services to their subscribers and are therefore interested in exploring the implications of CPP as a service option.

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II. DISCUSSION

A. Current Availability of CPP and The Effect Implementation Would Have on Demand for Commercial Mobile Radio Service Subscriptions

RTG members received a questionnaire designed to generate thought and discussion on the issue of CPP. Based on the information provided in the questionnaires, CPP is not currently offered by RTG members. The majority of respondents indicate, however, that they have explored the costs of providing CPP and believe that the availability of CPP as a service option would stimulate demand for commercial mobile radio service ("CMRS") subscriptions. RTG generally concurs with the Commission's speculations that the CPP service option would increase the likelihood that CMRS subscribers would be more apt to distribute their mobile telephone number(s) and leave their units turned on to receive unexpected incoming calls. One respondent noted that CMRS is a price-sensitive commodity for which any reduction in costs to the subscriber makes the service more attractive. Potential CMRS customers in rural areas where landline communications exist are more likely to view CMRS as an unnecessary expense, if not a discretionary luxury, as compared to their urban counterparts. Bringing the cost of utilizing CMRS more in line with the cost of using wireline communications will make CMRS more appealing to reluctant potential users.

One RTG member responded that CPP could have an indirect adverse effect on the promotion of CMRS as a telecommunications option. Calling parties might perceive CPP as being similar to long distance calls, which are often self-limited due to cost. If this perception is manifested and widespread, it could discourage the placement of calls to mobile units, making the CPP service option superfluous. If potential CMRS subscribers perceive CPP as a disincentive to persons who might otherwise try to contact a CMRS subscriber via his or her mobile unit, they may determine that a wireless telecommunications services is less effective or efficient for them than wireline service. As the Commission indicates in the *NOI*, because the wireline consumer's incremental cost to place a local call to a CMRS phone could significantly increase while there would be no similar change in the consumer's incremental cost to place a local wireline call, calls to CMRS units could decrease.[1] For this reason, CPP is best implemented as a choice the CMRS subscriber makes when signing up for service. A CMRS subscriber whose callers are predominantly business entities might be more likely to choose the CPP option than a CMRS subscriber who uses his or her wireless unit for personal communications and who expects that the majority of incoming calls will be from friends and family.

B. Billing and Pricing Issues

None of the RTG respondents are located in states where local exchange carriers ("LECs") provide billing support for CPP. RTG sees billing issues as the biggest obstacle to the implementation of CPP. A large concern for CMRS providers is how they will recoup the cost of airtime for incoming calls if the charges are not levied on their own customers with whom they have a billing relationship. One option would involve the establishment of billing and collection agreements between the LEC serving the calling party and the CMRS provider. The problem with this arrangement is that the universe of telecommunications providers keeps expanding, as does the geographic range from which people make calls. Callers to mobile phones could be prompted to enter their primary billing number, regardless of the location from which they were placing the call. This way, the CMRS provider of the called party would be able to forward the airtime charges for the incoming call to the calling party's LEC for billing, even if the called

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[1] *NOI* at ¶ 18.

party was roaming outside his or her service territory at the time the call was placed and received. The LEC could then return the amount collected to the called party's CMRS provider, minus the cost of the billing service. This is, however, purely an "ideal" method. LECs may not have the incentive to cooperate in this billing process absent a specific agreement, and the expectation that CMRS providers could have billing and collection agreements with <u>every</u> LEC from whom a call may be originated is simply unrealistic. One respondent speculates that bills from the called party's CMRS provider sent directly to the calling party probably would not be paid. This could be a likely event insofar as the calling party has no billing relationship with the called party's CMRS provider. In this situation, CMRS providers would have scant recourse for non-payment, and a large balance of uncollectible charges could actually drive up the cost of CMRS subscription.

RTG is divided on the method that should be used to inform calling parties that they will be liable for the charges of placing a call to a CMRS unit. Members equally endorsed using a pre-recorded message that the caller would hear before the call is completed, and 1+ or 10/11 digit dialing codes. All members agree that any method adopted should be universal in use. In fact, all RTG members agreed that any CPP rules or policies should be established and enforced on a national level by the FCC, rather than by the individual states. A national standard for CPP would facilitate the education of consumers concerning how charges for calls to mobile phones are billed, and provide consistency in service quality and billing practice despite the large variety of telecommunications services in use nationwide. RTG feels strongly, however, that the decision to provide CPP as a service option must be a decision left to the carrier, and must not be dictated or mandated by the FCC.

The majority of respondents stated that they would reduce the cost of incoming calls for their CMRS subscribers if CPP was implemented, and a minority stated that they would also reduce the overall cost of receiving CMRS. One respondent stated that it might be able to reduce the cost per minute of outbound calls on its system to reflect the revenue received from terminating access.

III. CONCLUSION

The topic of CPP is one that RTG members are just beginning to explore. RTG acknowledges that these comments offer the most preliminary of ideas on the matter, but anticipates that its position on CPP will be more highly developed should the Commission decide to issue a notice of proposed rulemaking on the issue.

Respectfully submitted,

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